

# **DEPARTMENT OF HEALTH CARE POLICY AND FINANCING PERFORMANCE PAY PROGRAM**

## **I. PROGRAM OVERVIEW**

In response to the original mandate for Colorado Peak Performance, the Department of Health Care Policy and Financing established an Advisory/Design Team to assist in preparing for and implementing a performance management system, including a pay-for-performance allocation model. At that time each state agency was asked to designate a CPP "Champion", and that person served as the team leader for this project. Other team members included a cross-section of employees, with at least one representative from each core office and each division within the Department. The role of team members was to represent their constituency (i.e., the work unit they were chosen to represent) by seeking input regarding the various components of CPP and communicating the CPP Program. The team adopted the following as its mission: "To provide the Department with recommendations for an efficient, fair and flexible performance management system that enhances individual, team and departmental goal achievement."

The team's role was to develop recommendations for implementation of a performance management system within the Department, and to submit those recommendations to the Department's Core management team for approval. The Core management team consists of the Executive Director and managers of the following offices: Office of Medical Assistance (includes Deputy Director); Office of Finance, Technology & Policy; Budget Division and Division of Accounting & Purchasing. (Please refer to the organization chart at **Attachment 1.**)

The team's philosophy, using the statewide CPP system parameters as a guideline, was to solicit input from Department staff in those areas where agencies were allowed flexibility in development of their individual plans. The employee input and suggestions were then used in implementing the Department's performance management plan.

The Department employs **203.5** classified FTE distributed as shown on the Organization Chart included as **Attachment 1.** The Department used its previously developed mission and goals to establish a foundation for performance management. Some work units were already using individual performance objectives in the performance planning and appraisal process, and those that were not developed them during a performance management pilot.

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## II. PERFORMANCE MANAGEMENT

In establishing its performance planning and evaluation component, the Department focused on the following goals:

- To clarify and effectively communicate performance expectations
- To provide a basis for fair and accurate employee evaluations
- To periodically evaluate progress and success of projects
- To identify areas of strength and target areas for improvement
- To provide a sound basis for personnel actions, such as promotions, performance awards, staffing considerations, career planning and development, and corrective action.

### A. Performance Planning and Evaluation

The Department established core competencies as expectations for all staff. These competencies are referred to as Core Competencies. The Department incorporated the following statewide core competencies developed by the Department of Personnel to be used in employee's performance plans effective July 1, 2001: Job Knowledge, Communications, Customer Service, Interpersonal Skills, and Accountability. The Statewide, uniform core competencies cannot be disregarded in the final overall rating for each employee. In addition, the Department has an optional CC entitled Management/Supervision that will be used for appropriate positions. Although all CCs must be rated, the individual criteria to be included are to be negotiated between the supervisor and employee. A list of these individual elements is included at **Attachment 2**.

The elements listed are not intended to represent an all-inclusive list, and each objective will not necessarily apply to all employees. Rather, the list of elements is intended to be a menu from which employees and managers can select in negotiating CCs to include in individual performance plans.

In addition, Individual Performance Objectives (IPOs) will be established by collaboration between the supervisor and employee. The IPOs will focus on the employee's key work activities that support the goals of the work unit and the organizational mission. Each IPO must describe, in the clearest terms possible, how performance will be measured to arrive at one of the three new rating levels: peak performer, fully competent, or needs improvement.

The CCs and IPOs in the overall performance program are then weighted to indicate their relative importance for each individual position.

In addition, employees and supervisors are encouraged to include feedback from other sources (internal or external) in the evaluation process, as well as self-evaluation or 360° evaluation tools. For example, the Department uses teams to accomplish some of its objectives, and the Department has some experience with team evaluation processes. While there were no specific criteria developed to evaluate team participation, if team participation is a significant part of the employee's duties, a team performance component can be built into the individual performance plan.

B. The Department developed the following rating criteria for the Department's rating categories as follows:

1. Needs Improvement / Level 1

This rating level encompasses those employees whose performance does not consistently and independently meet expectations set forth in the performance plan as well as those employees whose performance is clearly unsatisfactory and consistently fails to meet requirements and expectations.

Marginal performance requires substantial monitoring to achieve consistent completion of work, and requires more constant, close supervision. Though these employees do not meet expectations, they may be progressing satisfactorily toward a level 2 rating and need to demonstrate improvement in order to satisfy the core expectations of the position.

2. Fully Competent / Level 2

This rating level encompasses a range of expected performance. It includes those employees who exhibit competency in the work behaviors, skills, and assignments for the job as well as those employees who are successfully developing in the job. These employees are meeting all the expectations, standards, requirements, and objectives on their performance plan and, on occasion, may exceed them. This is the employee who reliably performs the job assigned.

3. Above Standard / Level 3

This rating level encompasses the accomplished performers who consistently exhibit the desired competencies effectively and independently while frequently exceeding expectations, standards, requirements, and objectives of the job assigned. Their work has a documented impact beyond the regular assignments and performance objectives that directly supports the mission of the organization.

4. Peak Performer / Level 4

This rating represents consistently exceptional and documented performance or consistently superior achievement beyond the regular assignment. Employees make exceptional contribution(s) that have a significant and positive impact on the performance of the unit or the organization and may materially advance the mission of the organization. The employee provides a model for excellence and helps others to do their jobs better. Peers, immediate supervision, higher-level management and others can readily recognize such a level of performance.

C. The Department developed the following examples of qualities and characteristics a peak performer would exhibit. This list is intended to be used as a guideline for determining if someone meets the criteria for a peak performer; it is not a comprehensive list of all qualities a peak performer would possess.

- Demonstrates initiative in performance of job duties.
- Demonstrates the ability to perform tasks in areas that are beyond their defined area of responsibility.
- Serves as a role model for the section/Department through behaviors, leadership and work ethics.
- Is a creative, independent thinker who acts on ideas, implements and achieves successful results on own program/project or Department-valued tasks.
- Is willing to move beyond their comfort zone to develop additional areas of expertise.
- Fulfills requirements of a task and goes beyond that to determine more efficient and creative ways of doing things; commits to continuous improvement.
- Completes projects ahead of time, with a high degree of accuracy.
- Mentors others.
- Does their work and assists others, especially in times of crisis, such as during staff shortages, illness, etc.
- Volunteers to do more than their share.
- Is completely dependable.
- Has a can-do attitude.
- Identifies areas for improvement and actually takes action – not just for their own job but for the section and the Department.
- Puts forth extra effort to achieve excellence.
- Identifies and takes the lead on difficult tasks; helps others.
- Situationally adapts behavior and approaches.

In addition, the Department included the following examples of what a peak performer **is not**:

- Someone who works really hard or just has a “really hard job”.
- Someone who excels only at what they are comfortable with, but not with assignments that require change, adaptation, or leadership in new areas.
- Someone who puts in extra time because they are disorganized or just cannot get the normal workload done.
- Someone who does not accept responsibility for their actions, and repeats their mistakes.

#### D. Performance Management Plans and Evaluations

Performance plans are required to be prepared at the beginning of the evaluation cycle, and within 30 days of the start date for new employees.

In accordance with Department of Personnel Rules and Procedures effective July 1, 2001, if a designated rater fails to complete an individual's performance plan or evaluation, the rater's reviewer is responsible for completing the plan or evaluation, on up the chain of command until the plan or evaluation is completed as required. The employee's overall evaluation shall be considered fully competent until a final rating is completed.

Failure to complete a performance plan or evaluation will result in a corrective action and ineligibility for a performance award for the rater. If the plan or evaluation is not completed within 30 days of the corrective action, the designated rater shall be disciplinarily suspended in increments of one workweek following the pre-disciplinary meeting.

Successful implementation of performance management requires the establishment of a regular communication process between employees and supervisors, including consistent feedback. For this reason, the Department has included in its performance management component the requirement that at least one interim evaluation be performed in order to assess progress toward stated goals, and to revise the performance management plan as needed if job duties change. In addition, if an employee moves to a different position, an interim evaluation must be completed and forwarded to the new appointing authority or organizational unit.

**Attachment 3** shows a calendar for the performance planning and evaluation process, including when performance awards will be made. In developing the calendar, the Department attempted to include enough time for supervisors and managers to complete performance plans and evaluations, with enough time after that to allow for disputes to be resolved and to apply the award allocation methodology. During the Department's original implementation year, FY 1999-2000, which later became a pilot period when implementation was delayed, the Department, chose to use a 10-month calendar for the planning and evaluation process (7-1-99 through 4-30-00). For the second and subsequent years, the performance management cycle covers the period April 1 through March 31.

#### E. Performance Management Review Process

Since performance plans provide the basis for evaluations, the Department felt it important to include the performance plans in the review process as well as the evaluations. The purpose of the review is to assure the Department's program and procedures are followed, and to correct any errors. In addition, the review process is designed to achieve a level of equity by evaluating performance plans and evaluations for consistency throughout the work units in the Department and to monitor the quality and consistency of performance ratings within the Department and before final overall ratings are provided to employees.

The review process is designed as follows:  
(Please refer to the organization chart at **Attachment 1.**)

**NOTE:** Core managers are the Executive Director and Directors of the following offices: Medical Assistance Office (includes Legislative Liaison); Operations & Finance Office; Budget Division; and Controller & Operations Division.

- 1) For the Medical Assistance Office and the Operations & Finance Office:
  - a) Section managers will prepare individual performance plans and evaluations.
  - b) Performance plans and evaluations will be reviewed by the respective division director and/or office director prior to being given to the employee.
- 2) For Core Manager offices:
  - a) Core managers will prepare individual performance plans and evaluations.
  - b) Performance plans and evaluations will be reviewed by the Executive Director prior to being given to the employee.
  - c) Core managers will review score patterns for consistency throughout the Department.

### III. PERFORMANCE AWARDS

In developing its award allocation methodology, based on the implementation team's recommendation, the Department used the assumption that the award pot would be based on 2.2% of salaries, which represents the statewide average equivalent to the funding traditionally provided for 5% "anniversary" increases. This, in effect, uses the same pot of funds previously used to provide anniversary increases to less than half of the Department's staff. Under a performance pay program, this same pot of funds will now be reallocated as performance-based increases to all Department staff who will qualify for a performance-based award, which may be significantly higher than 50% percent.

The Department has identified performance awards as a percent of base salary. Need is computed at 1.0%, 2.0% and 5.0%, respectively. (The application of these percentages is discussed later.) These percentages do not represent what the Department believes to be a fair and appropriate award. They function as computation ratios used for initial distributions in a complex iterative process. The initial percentage distribution is set low to assure that staff expectations are reasonable. Since computed "need" cannot exceed appropriations, we would rather use lower percentages to compute "need" that may require subsequent positive adjustments to expend appropriations, instead of using higher percentages to compute "need" that may require subsequent negative adjustments to prevent exceeding appropriations.

Because the performance pay aspect of the performance management system generated the most staff interest, the Department's approach for the allocation of performance awards was to consult with as many staff in the design process as possible. To that end, the advisory/design team developed a series of scenarios for the allocation of performance awards. These scenarios were presented to managers and staff within the Department, along with a questionnaire soliciting opinions about the different features of the allocation models.

Using the results of the questionnaire, and additional direction from the Department's Core managers, the team prepared a final allocation model that includes the following features:

- A) Department-level distributions;
- B) An additional subgroup within Fully Competent, called Above Standard (for evaluation scores at 225-269 on a 300-point scale);
- C) A 1.5% award differential between rating categories as follows: 1.0% for Fully Competent; 2.0% for Above Standard; and 5.0% for Peak Performers;
- D) Administrative Leave of 24 hours for Above Standard above the pay range maximum and 16 hours for all Peak Performers;
- E) A cap on the maximum salary on which awards will be computed for Peak Performers. The maximum salary will be based on the 75<sup>th</sup> percentile of a ranking of all salaries within the Department, regardless of occupational group.



A. Distribution of Awards

Awards will be distributed at the department level. No quotas will be used for determining the number of ratings in any of the four rating categories. All staff in the department will share in the distribution of awards, using the same distribution model, based on performance score. No dollars will be awarded using any other methodology or for any other purpose.

B. Performance Rating Scale

Awards will be based on performance during the prior review period as measured by performance score on a 300-point scale. Prior to issuing awards, staff score patterns will be reviewed by management to minimize variations in score distributions.

Employees rated, as Needs Improvement will not be eligible for performance awards. A Needs Improvement rating will result in a performance improvement plan or corrective action.

The highest rewards **(5.0%)\*** will go to Peak Performers with this allocation model. The Department believes these individuals should receive the highest awards for their exceptional performance and the significant impact they have on the success of the organization. However, the Department also recognizes that most employees will fall into the Fully Competent category and that this group of employees is essential to the achievement of program goals; therefore, it is also important to retain and reward this group of employees for their contributions.

To recognize differences in ratings within the Fully Competent category, which has a wide score range, the Department elected to include an additional subgroup within Fully Competent, called Above Standard. This rating will be given to employees whose evaluation scores are between 225-269. Employees rated, as Above Standard will receive an award of **2.0%\***, compared to **1.5%\*** for employees rated as Fully Competent.

**\*NOTE:** These percentages will be adjusted upward or downward based on the distribution of performance rating scores and available appropriations.

C. Award Differential

The allocation model establishes an award differential of 1.5% between rating categories as follows:

0% for Needs Improvement  
1.0% for Fully Competent  
2.0% for Above Standard  
5.0% for Peak Performers

D. Non-Salary Awards

Although the Department discussed a variety of non-monetary awards, administrative leave is the only non-monetary option included in the allocation model at this time. In addition to a 5.0% monetary award, administrative leave of 16 hours will be awarded to all staff who achieve a Peak Performer rating. Employees who are rated as Above Standard who do not qualify for a monetary award (i.e., employees who are at or above the pay range maximum) will receive administrative leave of 24 hours. This administrative leave shall be requested and granted using the same procedures as annual leave except that it cannot be accumulated from year to year.

In the future, the Department may consider expanding the employee incentive program to include additional non-monetary awards from other sources, such as operating funds.

E. Cap on Peak Performer Awards

In an effort to compensate for what appears to be a tendency within the Department to give the highest evaluations to the highest paid staff, the Department instituted a cap on the maximum salary on which awards will be computed for Peak Performers. The maximum salary was established at the 75<sup>th</sup> percentile of ranked salaries for the Department. For example, if the 75<sup>th</sup> percentile salary is \$50,000, then a Peak Performer award of 4.5% can only be applied to the employee's salary up to \$50,000. If the person's salary is equal to or greater than \$50,000, the award will be 5.0% of \$50,000.

F. Award Eligibility

Performance awards will be made in July of each fiscal year for work performance during the previous review period. Employees who meet the following criteria will be eligible for performance awards:

1. Must receive a rating of Fully Competent or above;
2. Must be employed by the department on the July 1 following the review period;
3. Must also have been employed no later than April 1 of the prior fiscal year;
4. Eligible staff who are employed less than 12 months will have awards prorated over the period of their employment in 1/12<sup>th</sup> increments.
5. Employment is counted for certified positions only.
6. Employment in any month is considered an employment month.

G. Notification of Awards

Staff will be notified of performance awards on July 1 of each fiscal year. Notifications to employees who have filed a dispute concerning their evaluation will initially be based on the assumption that their rating is appropriate. If resolution of the dispute results in a change to the rating, and therefore to the award amount, a corrected notification will be provided to the affected employee.

H. Proration of Awards

Awards are initially based on a percent of salary to determine “need” which is the amount necessary to fund percent of salary at the defined level. If the computation of “need” is either greater than or less than the appropriation, “need” will be proportionally adjusted to the appropriation to assure that the appropriation is allocated and not exceeded.

I. Annualization of Anniversary Increases

Performance pay awards for the first year of payouts (7-1-2002) will be prorated individually, based on employee anniversary dates, according to the statewide formula.

J. Disputes Regarding Awards

The review period was established in order to allow time for disputes to be resolved prior to award distributions. Awards can only be made once a year at the beginning of the fiscal year (July 1). Therefore, if extenuating circumstances arise whereby a dispute is resolved after the award distribution has been made, and the resolution results in a decision either to make an award where none was factored in, or to make an award greater than the one resulting from the original rating, that particular individual award will need to be paid from other (non-performance award) sources.

K. Payouts

Base-building awards shall be paid over a 12-month period in 1/12<sup>th</sup> increments. Base-building awards will be added to monthly payroll base pay. Non-base building awards will be paid in a single lump sum payment. If an employee qualifies for both base building and non-base building awards, the award will be base building to the maximum extent, with any difference awarded as non-base building.

L. Award Balances

Base building - If an employee leaves the department during the payout year (the year after the performance year on which payouts are based), the balance of any base building award shall not be paid.

Non-base building - Initial non-base building awards are paid in a single lump sum payment during the payout year. As these funds are paid in the first month, there should be no award balance if staff leave the Department during the fiscal year.

## **DEFINITIONS**

**Administrative Leave** – Additional time off over the normal annual or sick leave earned by the position during the fiscal year.

**Advisor** - An individual who assists a party during a grievance or the performance pay system dispute resolution process by explaining the process, helping identify the issues, preparing documents, and attending meetings.

**Base Pay** – Full monthly salary or annualized monthly salary based on June payroll.

**Base Building** – The amount of award added to monthly base pay that represents a permanent increase in monthly base pay.

**Competencies** - Observable, measurable patterns of knowledge, skills and abilities, behaviors, and other characteristics that employees need to successfully perform work-related tasks.

**Non-Base Building** – The amount of award that must be re-earned each year.

**Pay Maximum** – The maximum monthly pay a job classification can earn.

**Performance Award** – Any award (monetary or non-monetary) determined in July of a fiscal year for performance in the prior fiscal year.

#### **IV. COMMUNICATIONS AND TRAINING**

The Department recognizes that communications and training are integral components in the success of implementing a performance management system. Since the Department does not have a training office, it needed to develop its own communication and training package within existing resources. HCPF investigated options for training proposed and implemented by other state agencies, and included many of the best practices developed by the statewide Communications subteam.

##### **A. Communications**

In order to maximize opportunities for input from all employees, the following communication strategies were employed:

1. The Executive Director sent an initial memo to all employees supporting the concept of performance management and asking for their input and participation.
2. Performance management has been an agenda topic for staff meetings at all levels in the organization – core managers, all-staff, division and section meetings.
3. Articles about aspects of performance management and pay for performance are included in the Department's monthly newsletter, HCPF Happenings.
4. The Department developed and published “Fact Sheets” outlining basic information about performance management and addressing employee questions and concerns.
5. The Department scheduled “brown-bag” presentations and discussions regarding general performance management topics, as well as targeted meetings to solicit input about specific components of the Department’s individual program.
6. The Department’s CPP Champion and members of the advisory/design team were deployed as resources to their specific constituency (i.e., the office or division/section they were chosen to represent) and also to the general employee population.

7. The Department utilized employee surveys to assess their knowledge base about performance management and to determine what information to provide and in what formats, as well as to solicit their input concerning options about potential models for allocation of awards.
8. During the development phase, a dedicated folder was maintained on the Department's LAN to provide basic information about performance management, as well as information about components of the Department's implementation plan as recommendations were developed by the Department's team.
9. After the initial program was approved by the Department of Personnel, Standard Operating Procedures were developed to explain the procedures and forms to be used to implement the Department's performance management system.
10. The Department will utilize a performance pay award notification for managers to distribute to employees informing them of the amount of their annual performance award. In addition, the methodology for calculating the awards will be made available to those employees that are interested in that level of detail.

B. Training

The Department recognizes that training is necessary to assist employees in making the transition to a different method of employee evaluation and performance-based pay. The Department provided basic performance management training during the initial pilot and implementation phase and also recognizes the need to continue training new employees.

1. During the pilot and initial implementation, the Department provided general performance management training by utilizing resources from the Department of Human Services that were adapted to the needs of our department.
2. The Department is identifying other training resources that can be made available from other state agencies at a reasonable cost, including General Support Services and the Department of Transportation, as well as continuing to use the training resources available from Human Services.

3. Performance management training is mandatory for management and supervisory staff within the Department. The Department will either provide specific performance management training or utilize other resources to provide supervisory or management training that includes performance management as a component (such as the Colorado Supervisory Certificate Program through DPA, or the STARS training through DHS).
4. Department managers and supervisors will be kept updated on statewide changes and legal requirements, as well as Standard Operating Procedures.
5. The reference/resource manual and the Individual Performance Objective (IPO) Manual prepared and distributed to each section within the Department will be updated as needed in order to be a valuable resource for Department staff.
6. Performance management training will continue to be included as a component of the Human Resources orientation to the Department, as well as a component of a full day Employee Orientation to the Department that is mandatory for new employees.



## **ATTACHMENT 4**

### **V. DISPUTE RESOLUTION PROCESS**

Employees shall be provided the opportunity to have disputes regarding their performance plan or evaluation resolved in a timely manner through an objective and impartial review process. The Department's Dispute Resolution Plan is accessible to all employees.

Under the dispute resolution process, only the following issues are disputable:

1. an employee's individual performance plan or lack of a plan;
2. an employee's individual final performance evaluation or lack of a final evaluation;
3. application of the agency's Performance Pay Program policies, or processes to an individual employee's plan and/or evaluation;
4. full payment of an award.

The following are not disputable:

1. content of the State, HCPF, or Office performance management plan;
2. amount of money allotted to each agency and work unit;
3. performance evaluations and awards of other employees;
4. amount of a performance award, including whether it is base building or non-base building and the split between base and non-base building.

The Colorado Department of Health Care Policy and Financing (HCPF) dispute resolution process is designed to:

- Resolve disputes relating to implementation and administration of the HCPF performance management plan;
- be a problem-solving, quality assurance process;
- preserve working relationships, and assure no retaliation takes place against any party involved in a dispute;
- be fair and consistent;
- include an option for review by an impartial party(s) outside the supervisory chain;
- include use of peer panels;
- have each party represent himself/herself, but each party is permitted the assistance of an advisor;
- be completed within a reasonable time frame; and
- assure that both the employee and the supervisor have a responsibility in the process.

### Process Overview

Employees are required to discuss the disagreement with the supervisor whose actions are at issue. If resolution is not achieved by this informal exchange within five working days from the date the plan or final evaluation is provided to the employee, the internal Dispute Resolution process begins. The process shall be coordinated and managed by the HCPF Dispute Resolution Administrator, hereinafter referred to as the Administrator. The review must be completed within the time frames outlined in the Department's Dispute Resolution Plan.

The employee can choose one of the following three options to resolve the dispute:

- 1) The employee can request a review of the issue by the next level supervisor.
- 2) The employee can request mediation. If the dispute is successfully mediated, the written results (with concurrence from the supervisor's manager) are binding. If mediation is not successful, the dispute is referred back to the supervisor's manager for final resolution.
- 3) The employee can request a panel review. If the panel option is chosen, the panel will review the issue and make recommendations that are forwarded back to the supervisor's manager for final resolution.

**NOTE:** For employees who have a subsection supervisor, the supervisor's manager is defined as the division director of that section.

The process will work as follows:

- The employee must file a written complaint with the Dispute Resolution Administrator using the Request for Dispute Resolution form as outlined in the Department's standard operating procedure on performance management. Only issues presented in writing on the Dispute Resolution form may be considered throughout the Dispute Resolution process.
- The Administrator will forward the complaint to the employee's supervisor for a written response.
- The Administrator will gather all pertinent documents or attachments to the complaint to forward to whomever the employee has selected to resolve the dispute (per options listed above).
- If mediation or panel are selected the Administrator will arrange for those services to be provided.
- The process will follow the timelines established to assure timely resolution.

- Regardless of the resolution option selected by the employee, the final decision regarding an employee's performance plan or final evaluation resides with the supervisor's manager (or respective division director, as noted above). The supervisor's manager shall provide a copy of the decision to the Administrator who shall forward it to all parties.
- The scope of authority for decision-makers is limited to recommending that a rater reconsider a performance plan or final evaluation, assure that the Department's program and procedures are followed, and to correct any errors. The decision-maker may not substitute his or her judgment for that of the rater, and may not render a decision that would alter the Department's Program.
- Final resolution of issues concerning an employee's individual performance plan (or lack of a plan) and an employee's individual final performance evaluation must be made through the Department's internal dispute resolution process.
- Disputes regarding application of the agency's performance pay program, policies, or processes as applied to an employee's individual plan and/or final evaluation, and disputes regarding full payment of an award may proceed to the State Personnel Director according to the procedures outlined on Attachment 4 of the Dispute Resolution Plan.

## **VI. RECORDKEEPING AND REPORTING**

### **A. Recordkeeping**

It is the Department's plan to maintain all records in a confidential secured file. The file records will add relevant performance award records to the Department personnel record for each employee. Performance award documents to be included in the personnel records are performance plans, evaluations, disputes, grievance, and resolutions. Records will be maintained in both written and electronic form, according to personnel procedure P-1-3.

Payroll records are not a part of the personnel file, and will be maintained in separate files by an authorized department custodian. Whereas payroll records are open, the employee identifying information is confidential and must not be disclosed.

### **B. Reporting**

The Department will provide reports as required on implementation of each year's performance pay program. External reporting will include mandatory reports to the Legislature, Department of Personnel or any other external source authorized by the Executive Director. The dollars appropriated and expended will be reported to the Legislature annually, and will include the following detail: 1) total dollars appropriated for performance awards, 2) total amount of dollars awarded to employees for performance awards, and 3) total amount of dollars awarded broken down by performance rating category.

Internal reports will be developed and utilized solely for ongoing evaluation and analysis of the performance pay program and to provide information to the Department's Budget Office and department managers. The reporting methods may vary due to the requests of information and whether it is internal or external reporting.

### **C. EMPL/CPPS or Other Databases**

Performance pay information affecting statewide data bases will either be provided to persons responsible for maintenance of those programs in a format they require or, if the Department's responsibility, entered by our staff.

## **VII. EVALUATION OF PEAK PERFORMANCE IMPLEMENTATION**

The Department plans to keep its performance management advisory team in effect, and periodic meetings will be called by the Executive Director for the following purposes:

- to continue to offer guidance concerning implementation issues, and to identify and make recommendations to address problems and concerns as they arise;
- to establish a mechanism to assure the implementation plan is being followed throughout the Department;
- to provide ongoing evaluation of performance management implementation within the Department to see if established goals are being met, i.e., to compare theory to practice; and to refine its program as needed;
- to evaluate the adequacy of training provided, and to assess the need for further training;
- to provide a continuum of communication and a feedback loop for employees regarding performance management within the Department.

The team will also consider the use of surveys at critical points, such as at the end of each performance management phase – e.g., after award allocation, after the dispute resolution process for the first performance management cycle, and after the first full year of implementation.

## **CORE COMPETENCIES (CCs)**

1. JOB KNOWLEDGE

- Exhibits significant knowledge level in areas of expertise
- Provides consistent and accurate information concerning areas of responsibility
- Is recognized and utilized as expert/contact on assigned duties/programs
- Attends appropriate training to improve expertise in specific areas of job performance
- Consistently produces high quality work
- Interprets applicable laws, rules, regulations or policies
- Uses good judgment resulting from sound evaluation of factors
- Requires little additional instruction and redirection
- Identifies current procedures that are out of compliance
- Works to improve existing processes

2. COMMUNICATIONS

- Follows published department standards for written and oral communications
- Written documentation and oral presentations are sound and defensible
- Communicates clearly and openly
- Cooperates with others to attain agency goals
- Remains open to others' suggestions and listens effectively
- Resolves conflict while preserving relationships
- Informs others on progress and delays
- Provides accurate and timely communication to persons/program representatives on issues involving them
- Communicates program/client problems to appropriate staff and manager
- Maintains confidentiality

3. CUSTOMER SERVICE

- Provides a professional, courteous response that handles questions/issues
- Responds to all customer calls within 24 hours (and/or leaves instructions so customers can contact back-up support)
- Understands who the customer is
- Is approachable and responsive to internal and external customers
- Offers appropriate and innovative solutions to customer problems
- Follows through with commitments to customers in a timely manner
- Shows concern for customers' needs

4. INTERPERSONAL SKILLS

- Relates to others in a courteous, respectful manner
- Builds trust and works with integrity
- Gains respect, support, and cooperation of colleagues, internal and external customers
- Contributes to a positive work environment through interactions with others
- Builds alliances and positive working relationships
- Promotes cooperation and teamwork
- Treats others fairly and without prejudice or bias
- Respects other persons' time and priorities
- Acknowledges the contributions of others
- Demonstrates tact and diplomacy when resolving conflicts
- Accepts criticism and is open to new ideas
- Takes initiative to improve working relationships and foster feelings of mutual respect with coworkers and customers
- Demonstrates concern for the larger community served by the organization

#### 5. ACCOUNTABILITY

- Follows state personnel rules and fiscal rules
- Follows departmental policies and procedures
- Uses state resources and time for state business purposes only
- Is on time for scheduled work and does not abuse leave
- Attends expected meetings
- Arrives to expected meetings and activities on time
- Arranges for coverage when out of the office
- Meets basic requirements of accuracy and neatness
- Presents a professional appearance and demeanor when interacting with internal and external parties
- Meets expectations for quantity of work
- Manages workload appropriately
- Responds appropriately to constructive criticism and change
- Adapts well to new situations, unusual demands, emergencies, or critical incidents
- Maintains necessary data, records and reports
- Accomplishes assignments timely, effectively, and efficiently
- Communicates to ensure assignment is understood by involved parties
- Efficiently and effectively gathers facts and opinions to make decisions
- Volunteers or accepts assignments
- Demonstrates initiative consistent with job expectations to improve performance
- Assumes responsibility
- Prioritizes work assignments (and asks manager for help when needed)

- Establishes work plans, schedules and deadlines in order to accomplish assigned tasks within established deadlines and avoid crises
- Takes responsibility for resolving problems that develop, within assigned authority
- Communicates status, issues and results to appropriate person(s)
- Documents key assignment processes/issues/results

6. MANAGEMENT/SUPERVISION (If Applicable)

- Effectively manages the unit's workload
- Creates and implements policy
- Provides clear instructions and expectations
- Successfully delegates tasks
- Assures the quality of services and products
- Solves problems and makes decisions quickly and soundly
- Builds alliances and fosters effective teamwork
- Controls budget and costs
- Shows leadership skills
- Has the ability to be flexible and work in a changing environment
- Understands and follows the Department's established performance management procedures
- Understands how the pay and incentive systems work, including the Department's performance pay program
- Selects and train new employees
- Utilizes employees skills and abilities (strengths and weaknesses)
- Motivates and encourages employees
- Provides coaching and feedback
- Treats employees equitably
- Keeps employees informed on pertinent issues
- Resolves routine personnel problems
- Deals with discipline problems directly and quickly

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**ATTACHMENT 2**  
**CORE COMPETENCIES (CCs)**

1. **JOB KNOWLEDGE**

- Exhibits significant knowledge level in areas of expertise
- Provides consistent and accurate information concerning areas of responsibility
- Is recognized and utilized as expert/contact on assigned duties/programs
- Attends appropriate training to improve expertise in specific areas of job performance
- Consistently produces high quality work
- Interprets applicable laws, rules, regulations or policies
- Uses good judgment resulting from sound evaluation of factors
- Requires little additional instruction and redirection
- Identifies current procedures that are out of compliance
- Works to improve existing processes

2. **COMMUNICATIONS**

- Follows published department standards for written and oral communications
- Written documentation and oral presentations are sound and defensible
- Communicates clearly and openly
- Cooperates with others to attain agency goals
- Remains open to others' suggestions and listens effectively
- Resolves conflict while preserving relationships
- Informs others on progress and delays
- Provides accurate and timely communication to persons/program representatives on issues involving them
- Communicates program/client problems to appropriate staff and manager
- Maintains confidentiality

3. **CUSTOMER SERVICE**

- Provides a professional, courteous response that handles questions/issues
- Responds to all customer calls within 24 hours (and/or leaves instructions so customers can contact back-up support)
- Understands who the customer is
- Is approachable and responsive to internal and external customers
- Offers appropriate and innovative solutions to customer problems
- Follows through with commitments to customers in a timely manner
- Shows concern for customers' needs

4. **INTERPERSONAL SKILLS**

- Relates to others in a courteous, respectful manner
- Builds trust and works with integrity
- Gains respect, support, and cooperation of colleagues, internal and external customers
- Contributes to a positive work environment through interactions with others
- Builds alliances and positive working relationships
- Promotes cooperation and teamwork

- Treats others fairly and without prejudice or bias
- Respects other persons' time and priorities
- Acknowledges the contributions of others
- Demonstrates tact and diplomacy when resolving conflicts
- Accepts criticism and is open to new ideas
- Takes initiative to improve working relationships and foster feelings of mutual respect with coworkers and customers
- Demonstrates concern for the larger community served by the organization

5. ACCOUNTABILITY

- Follows state personnel rules and fiscal rules
- Follows departmental policies and procedures
- Uses state resources and time for state business purposes only
- Is on time for scheduled work and does not abuse leave
- Attends expected meetings
- Arrives to expected meetings and activities on time
- Arranges for coverage when out of the office
- Meets basic requirements of accuracy and neatness
- Presents a professional appearance and demeanor when interacting with internal and external parties
- Meets expectations for quantity of work
- Manages workload appropriately
- Responds appropriately to constructive criticism and change
- Adapts well to new situations, unusual demands, emergencies, or critical incidents
- Maintains necessary data, records and reports
- Accomplishes assignments timely, effectively, and efficiently
- Communicates to ensure assignment is understood by involved parties
- Efficiently and effectively gathers facts and opinions to make decisions
- Volunteers or accepts assignments
- Demonstrates initiative consistent with job expectations to improve performance
- Assumes responsibility
- Prioritizes work assignments (and asks manager for help when needed)
- Establishes work plans, schedules and deadlines in order to accomplish assigned tasks within established deadlines and avoid crises
- Takes responsibility for resolving problems that develop, within assigned authority

5. ACCOUNTABILITY-CONT'D

- Communicates status, issues and results to appropriate person(s)
- Documents key assignment processes/issues/results

6. MANAGEMENT/SUPERVISION (If Applicable)

- Effectively manages the unit's workload
- Creates and implements policy
- Provides clear instructions and expectations
- Successfully delegates tasks
- Assures the quality of services and products
- Solves problems and makes decisions quickly and soundly
- Builds alliances and fosters effective teamwork
- Controls budget and costs
- Shows leadership skills
- Has the ability to be flexible and work in a changing environment

- Understands and follows the Department's established performance management procedures
- Understands how the pay and incentive systems work, including the Department's performance pay program
- Selects and train new employees
- Utilizes employees skills and abilities (strengths and weaknesses)
- Motivates and encourages employees
- Provides coaching and feedback
- Treats employees equitably
- Keeps employees informed on pertinent issues
- Resolves routine personnel problems
- Deals with discipline problems directly and quickly

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## **ATTACHMENT 3**

### **DEPARTMENT OF HEALTH CARE POLICY AND FINANCING PERFORMANCE PAY PROGRAM PLANNING, EVALUATION AND PAYOUT CALENDAR**

<b>4/15/01</b>	Deadline for Completion of Performance Evaluations for the Review Period <u>5/01/00 through 4/30/01</u> <b>and</b> Deadline for Completion of Performance Plans for the Review Period <u>5/01/01 through 4/30/02</u> – signed by employee and supervisor
<b>4/30/01</b>	Deadline for Review of Performance Evaluations for the Review Period <u>5/01/00 through 4/30/01</u> <b>and</b> Performance Plans for <u>5/01/01 through 4/03/02</u>
<b>10/01/01 to 11/30/01</b>	Interim Evaluation Window
<b>4/15/02</b>	Deadline for Completion of Performance Evaluations for the Review Period <u>5/01/01 through 4/30/02</u> <b>and</b> Deadline for Completion of Performance Plans for the Review Period <u>5/01/02 through 4/30/03</u> – signed by employee and supervisor
<b>4/30/02</b>	Deadline for Review of Performance Evaluations for the Review Period <u>5/01/01 through 4/30/02</u> <b>and</b> Performance Plans for <u>5/01/02 through 4/03/03</u>
<b>7/01/02</b>	Employee Notification of Performance Awards for the Review Period <u>5-01-01 through 4-30-02</u>

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**ATTACHMENT 4**

## **V. DISPUTE RESOLUTION PROCESS**

Employees shall be provided the opportunity to have disputes regarding their performance plan or evaluation resolved in a timely manner through an objective and impartial review process. The Department's Dispute Resolution Plan is accessible to all employees.

Under the dispute resolution process, only the following issues are disputable:

1. an employee's individual performance plan or lack of a plan;
2. an employee's individual final performance evaluation or lack of a final evaluation;
3. application of the agency's Performance Pay Program policies, or processes to an individual employee's plan and/or evaluation;
4. full payment of an award.

The following are not disputable:

1. content of the State, HCPF, or Office performance management plan;
2. amount of money allotted to each agency and work unit;
3. performance evaluations and awards of other employees;
4. amount of a performance award, including whether it is base building or non-base building and the split between base and non-base building.

The Colorado Department of Health Care Policy and Financing (HCPF) dispute resolution process is designed to:

- Resolve disputes relating to implementation and administration of the HCPF performance management plan;
- be a problem-solving, quality assurance process;
- preserve working relationships, and assure no retaliation takes place against any party involved in a dispute;
- be fair and consistent;
- include an option for review by an impartial party(s) outside the supervisory chain;
- include use of peer panels;
- have each party represent himself/herself, but each party is permitted the assistance of an advisor;
- be completed within a reasonable time frame; and
- assure that both the employee and the supervisor have a responsibility in the process.

### Process Overview

Employees are required to discuss the disagreement with the supervisor whose actions are at issue. If resolution is not achieved by this informal exchange within five working days from the date the plan or final evaluation is provided to the employee, the internal Dispute Resolution process begins. The process shall be coordinated and managed by the HCPF Dispute Resolution Administrator, hereinafter referred to as the Administrator. The review must be completed within the time frames outlined in the Department's Dispute Resolution Plan.

The employee can choose one of the following three options to resolve the dispute:

- 1) The employee can request a review of the issue by the next level supervisor.
- 2) The employee can request mediation. If the dispute is successfully mediated, the written results (with concurrence from the supervisor's manager) are binding. If mediation is not successful, the dispute is referred back to the supervisor's manager for final resolution.
- 3) The employee can request a panel review. If the panel option is chosen, the panel will review the issue and make recommendations that are forwarded back to the supervisor's manager for final resolution.

**NOTE:** For employees who have a subsection supervisor, the supervisor's manager is defined as the division director of that section.

The process will work as follows:

- The employee must file a written complaint with the Dispute Resolution Administrator using the Request for Dispute Resolution form as outlined in the Department's standard operating procedure on performance management. Only issues presented in writing on the Dispute Resolution form may be considered throughout the Dispute Resolution process.
- The Administrator will forward the complaint to the employee's supervisor for a written response.
- The Administrator will gather all pertinent documents or attachments to the complaint to forward to whomever the employee has selected to resolve the dispute (per options listed above).
- If mediation or panel are selected the Administrator will arrange for those services to be provided.
- The process will follow the timelines established to assure timely resolution.
- Regardless of the resolution option selected by the employee, the final decision regarding an employee's performance plan or final evaluation resides with the supervisor's manager (or respective division director, as noted above). The supervisor's manager shall provide a copy of the decision to the Administrator who shall forward it to all parties.
- The scope of authority for decision-makers is limited to recommending that a rater reconsider a performance plan or final evaluation, assure that the Department's program and procedures are followed, and to correct any errors. The decision-maker may not substitute his or her judgment for that of the rater, and may not render a decision that would alter the Department's Program.
- Final resolution of issues concerning an employee's individual performance plan (or lack of a plan) and an employee's individual final performance evaluation must be made through the Department's internal dispute resolution process.
- Disputes regarding application of the agency's performance pay program, policies, or processes as applied to an employee's individual plan and/or final evaluation, and disputes regarding full payment of an award may proceed to the State Personnel Director according to the procedures outlined on Attachment 4 of the Dispute Resolution Plan.

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